

16 From the following information, calculation cash flow form operating Activities:

Particulars	31st March 2023 ₹	31st March 2022 ₹
Equity share capital	20,00,000	30,00,000
10% preference share capital	2,00,000	1,00,000
Securities premium	-----	95,000
Surplus, i.e., Balance in statement of profit & loss	4,00,000	8,00,000
10% Debentures	10,00,000	10,00,000

Additional Information

- I. Preference shares were redeemed on 31st March, 2023 at a premium of 5%.**
- II. Dividend on equity shares was paid @ 8%**
- III. Fresh issue of equity shares was made on 1st April 2022.**

Solution: Cash Flow form operating Activities

Particular	₹
Surplus i.e., Balance in statement of profit & loss	4,00,000

Add Dividend on equity shares (8% of 30,000)	2,40,000
Add Dividend on 10% preference share (10% of 2,00,000)	<u>20,000</u>
profit before tax and extraordinary items	6,60,000
	<u>1,00,000</u>
Add Interest on Debenture (10% of 10,00,000)	7,60,000
Cash flow from operating Activities	

17 Sunrise Ltd., reported Net profit after tax of 6,40,000 for the year ended 31st March, 2023. The relevant extract from balance sheet as at 31st March, 2023 is:

Particulars	31 st March 2023 ₹	31 st March 2022 ₹
Inventories	1,15,000	1,25,000
Trade Receivables	1,50,000	1,10,000
Prepaid Expenses	20,000	6,000
Trade payables	1,10,000	80,000
Provision for tax	20,000	15,000

Depreciation charged on plant and Machinery 55,000, insurance claim received 50,000, gain (profit) on sale of investment 20,000 appeared in the statement of profit & loss for the year ended 31st March, 2023. Calculate cash flow from operating activities.

Solution:

Cash Flow form operating Activities

Particular	₹
Profit for the year	6,40,000
Add provision for taxation	<u>20,000</u>
	6,60,000
less Insurance claim received	<u>(50,000)</u>
Net profit before tax and extraordinary items	6,10,000
Add Depreciation	<u>55,000</u>
	6,65,000
Less profit on sale of investment	<u>(20,000)</u>
Net profit before working capital changes	6,45,000
Add Decrease in inventories	10,000
Add increase in Trade payables	30,000
	<u>40,000</u>

		6,85,000
Less: increase in trade Receivables	(40,000)	
Less: increase in prepaid expenses	<u>(14,000)</u>	<u>54,000</u>
		6,31,000
Add : Insurance claim received		<u>50,000</u>
		6,81,000
Less: Income tax paid		<u>(15,000)</u>
Net cash flow from operating Activities		6,66,000

18 Compute cash flow form operating activities from the following:

- I. Profit for the year ended 31st March, 2023 is 10,000 after providing for depreciation of 2,000.
- II. Current Assets and Current liabilities of the business for the years ended 31st March, 2022 and 2023 are as follows:

Particulars	31 st March 2022 ₹	31 st March 2023 ₹
Trade Receivables	14,000	15,000

Provision for doubtful debts	1,000	1,200
Trade payables	13,000	15,000
Inventories	5,000	8,000
Other current Assets (Other than prepaid expenses and Accrued income)	10,000	12,000
Expenses payables	1,000	1,500
Prepaid Expenses	2,000	1,000
Accrued income	3,000	4,000
Income Received in Advance	2,000	1,000

Solution: Cash Flow from operating Activities

Particular	₹
Net profit before taxation & extraordinary items	10,000
Add increase in provision for doubtful debts	200
Add Depreciation on Assets	<u>2,000</u>
Net profit before working capital change	12,200
Add increase in trade payables	2000
Add increase in expenses payables	500

Add Decrease in prepaid expenses	<u>1000</u>	<u>3,500</u>
		15,700
Less Increase in trade receivables	1000	
Increase in inventories	3000	
Increase in other current income	2000	
Increase in Accrued income	1000	
Decrease in income received in advance	<u>1000</u>	<u>(8,000)</u>
Net cash flow from operating Activities		7,700

19 Calculate cash flow from operating activities from the following information:

Cash Flow form operating Activities

Particular	₹
Net profit (difference between closing and opening balance of surplus, i.e., Balance in statement of profit & loss)	8,00,000
Final dividend paid in the year	1,10,000
Compensation for natural disaster to statement of profit & loss	75,000

Depreciation	
Loss on sale of investment	1,50,000
Gain (profit) on sale of land	30,000
Provision for Tax	90,000
Dividend Received	1,10,000
	20,000
Decrease in current assets (other than cash and cash equivalents)	40,000
Increase in current liabilities (other than bank overdraft and cash credit)	70,000
Decrease in current liabilities (other than bank overdraft and cash credit)	10,000
increase in current assets (other than cash equivalents)	
Income tax refund	60,000
income tax paid	10,000

	1,20,000
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Cash Flow from operating Activities

Particular		₹
Net profit Before taxation and Extraordinary items		9,35,000
Add Depreciation	1,50,000	
Add Loss on sale of Investments	<u>30,000</u>	1,80,000
		<u>11,15,000</u>
Less Profit on sale of lend	90,000	
Less dividend received	<u>20,000</u>	<u>(1,10,000)</u>
		10,05,000
Net profit before working capital changes		
Add decrease in current Assets	40,000	
Add increase in current liabilities	<u>70,000</u>	<u>1,10,000</u>
		11,15,000
Less: decrease in current liabilities	10,000	
Less: Increase in current Assets	<u>60,000</u>	<u>(70,000)</u>
Cash Generated from operation		10,45,000
Add compensation for natural disaster	75,000	
Add income tax refund	<u>10,000</u>	<u>85,000</u>

	11,30,000
Less: Income tax paid	<u>(1,20,000)</u>
Net cash flow from operating activities	10,10,000

Working notes:-

Calculation of net profit before tax & extraordinary items

Particular		₹
Surplus as per statement of profit & loss		8,00,000
Add provision for tax	1,10,000	
Add final dividend paid	<u>1,10,000</u>	<u>2,20,000</u>
		10,20,000
Less compensation for natural disaster	75,000	
Less income tax Refund	<u>10,000</u>	<u>(85,000)</u>
Net profit before tax & extraordinary items		9,35,000

20 Following information is related to vishwas ltd.:

STATEMENT OF PROFIT & LOSS for the year ended 31st march, 2023

Particular	Note No.	₹
i. Revenue from operation (Net sales)		30,00,000
ii. Other income	1	<u>45,000</u>

iii. Total Revenue (I + ii)		<u>30,45,000</u>
iv. Expenses:		
(a) Purchase of stock-in-Trade		23,03,000
(b) Change in inventories of stock-in-trade	2	(16,000)
(c) Depreciation and Amortization Exp.		1,85,000
(d) Other Expenses	3	<u>3,29,000</u>
Total Expenses		<u>28,01,000</u>
v. Profit before Tax (iii – iv)		2,44,000
vi. Less: provision for tax		<u>64,000</u>
vii. Profit after Tax (v – vi)		<u>1,80,000</u>

Note to Accounts

Particular	₹
1. Other income	
(a) Dividend Received	5,000
(b) Gain (profit) on sale of plant	<u>40,000</u>
	<u>45,000</u>
2. Change in inventories of stock-in-trade	

Opening inventories	2,84,000
Less: Closing inventories	<u>3,00,00</u>
	<u>(16,000)</u>
3. Other Expenses	
(a) Office Expenses	58,000
(b) Selling Expenses	2,35,000
(c) Loss on sale of Assets	<u>36,000</u>
	<u>3,29,000</u>

Other information: (₹)	Balance as on 31 st march, 2023 (₹)	Balance as on 31 st March, 2022
Trade payables	2,78,000	2,50,000
Trade Receivables	4,52,000	4,15,000
Office expenses Outstanding	-----	5,000
Selling expenses outstanding	25,000	22,000
Calculate cash flow operating activities		

Solution:

Cash Flow from operating Activities

Particular	₹
Net profit as per statement of profit & loss A/c	1,80,000

Add provision for taxation		<u>64,000</u>
Net profit before tax & Extraordinary items		2,44,000
Add loss on sale of other assets	36,000	
Add Depreciation	<u>1,85,000</u>	<u>2,21,000</u>
		4,65,000
Less profit on sale of plant	40,000	
Less dividend Received	<u>5,000</u>	<u>(45,000)</u>
Net profit before working capital changes		4,20,000
Add increase in trade payables	28,000	
Add increase in o/s selling expenses	<u>3,000</u>	<u>31,000</u>
		4,51,000
Less: Increase in trade Receivables	37,000	
Less: Decrease in o/s office expenses	5,000	
Less: Increase in inventories	<u>16,000</u>	<u>(58,000)</u>
		3,93,000
Less: Tax paid		
		<u>64,000</u>
Net cash flow from operating activities		3,29,000